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SUBJECT: AMBASSADOR'S MEETINGS WITH FINANCE, STATE BANK: OVERVIEW

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¶1. (U) SUMMARY: This message provides overview and general comment on Ambassador Marine's May 17 and 18 meetings with Vietnam's Minister of Finance and State Bank Governor. A series of five septels will report on individual agenda items. END SUMMARY.

¶2. (SBU) Ambassador Marine met Minister of Finance Vu Van Ninh and State Bank Governor Le Duc Thuy on consecutive days, May 17 and May 18. The Embassy had long sought these two meetings; the first to respond was the Finance Minister. It may have been a coincidence, but the State Bank finally responded the day after the Ambassador had noted to the Deputy Foreign Minister that we had at last been able to schedule a meeting with Finance Minister Ninh but had yet to hear from the State Bank.

¶3. (SBU) The Ambassador's agenda for both meetings had considerable overlap: anti-monetary laundering (including cooperation on non-proliferation issues and financial action task force), capital controls, and U.S. assistance in support of Vietnam's economic reform. With the Finance Ministry, the Ambassador also raised adoption fees, Peace Corps, and a specific issue with a prospective INL-funded IPR customs enforcement project. The one addition to the agenda for the State Bank meeting was the Ambassador's interest in learning more about the State Bank's plans to engage in the economic reform process and how the State Bank as an institution might evolve.

¶4. (SBU) Embassy will prepare five septels with readouts on capital controls, the anti-money laundering agenda items, assistance/State Bank reform, adoption fees and the Peace Corps taxation issue. Note that not all addresses will receive each septel.

¶5. (SBU) BIO NOTE: Even though he was appointed Minister less than a year ago, Finance Minister Ninh is clearly in command of his portfolio. Born in 1955, he has been associated with the ministry since 1977 save a three-year stint as vice-chairman of the Hanoi People's Committee. He has a masters degree in business management from Hanoi University of Finance. Minister Ninh responded to the Ambassador's presentation in clear and confident terms and presented as knowledgeable about all the issues raised. Similarly, State Bank Governor Thuy exhibited a keen awareness of monetary issues, anti-monetary laundering, U.S. cooperation with his institution, and

the challenges facing SBV. Thuy has a doctorate in economics from the former Soviet Union, but also spent a year at Harvard (1991-1992). Aged 58, he joined SBV in 1996 as a deputy governor, rising to governor in 1999. Most observers believe that he will be forced into retirement later this year, due to allegations of corruption touching his son and himself. End Note.

¶6. (SBU) Comment: This was the Ambassador's first bilateral meeting with the leaders of these two institutions. The Ambassador was heartened by their receptivity to and appreciation of U.S. views on their economic development plans. There is clearly scope for increased cooperation in the technical assistance area and a willingness to listen to U.S. policy advice. End Comment.

MARINE